

Message Text

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ACTION EUR-12

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INFO AMEMBASSY BERLIN
AMEMBASSY BELGRADE
AMEMBASSY BUCHAREST
AMEMBASSY MOSCOW
AMEMBASSY PROGUE
AMEMBASSY SOFIA
AMEMBASSY WARSAW
AMCONGEN MUNICH
AMEMBASSY VIENNA

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MUNICH FOR RFE

E.O. 11652: NA

TAGS: EAGR, SOPN, HU

SUBJ: FAVORABLE U.S. AGRICULTURAL SITUATION, SOVIET GRAIN

PURCHASES AND BORROWINGS IN WEST REPORTED IN LOCAL PRESS

1. SUMMARY: LIMITED CIRCULATION ECONOMIC DAILY AUGUST 23
CONTINNS ARTICLE VERY COMPLIMENTARY TO U.S. AGRICULTURAL
POLICIES AND REPORTS SOVIETS' WESTERN GRAIN PURCHASES AND
BORROWINGS.

2. AUGUST 23 VILAGGAZDASAG (VG) CARRIES IN-DEPTH ARTICLE

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BY MAGYAR NEMZET NEW WASHINGTON CORRESPONDENT TAMAS ZALA

ON U.S. AGRICULTURAL POLICY. ZALJKQ CONSUMEROUS FAVORABLE STATISTICS SHOWING LARGE INCREASES IN U.S. GRAIN OUTPUT, AND STATES THAT U.S. AGRICULTURAL PRODUCTIVITY HAS RISEN 68 PERCENT IN 10 YEARS. ACCORDING TO ZALA THE MOST IMPORTANT REASON FOR THIS GROWTH IS THE 100 THOUSAND DOLLAR CAPITAL INVESTMENT PER FARM WORKER, COMPARED TO 40 THOUSAND DOLLAR INVESTMENT PER INDUSTRIAL LABORER. ZALA POINTS OUT THAT EVEN IN "THE MOST DEVELOPED" AGRICULTURAL SYSTEM IN THE WORLD, OPPORTUNITIES FOR INNOVATION AND DEVELOPMENT ARE NOT EXHAUSTED. HE MENTIONS LARGE CONTRIBUTION OF AGRICULTURE TO U.S. BALANCE OF TRADE AND SECONDARY BENEFITS TO EMPLOYMENT IN RELATED INDUSTRIES.

3. ZALA STATES THAT POLITICAL CONSIDERATIONS WEIGH HEAVILY IN THE FOREIGN TRADE ASPECTS OF U.S. AGRICULTURAL POLICY. JAPAN'S PURCHASE OF 42 MILLION TONS OF GRAIN DU THREE YEARS AND EEC GRAIN AND SOYBEAN IMPORTS DON'T CREATE A STIR IN U.S., BUT SOVIET CONTRACT TO PURCHASE 10 MILLION TONS IS SEEN AS "HELPING OUT THE COMMUNISTS" AND, FROM SENATOR JACKSON'S VIEWPOINT, PROVIDING "OIL FOR THE FIRE OF INFLATION."

4. COMMENT: EXCEPT FOR SLANT ON FOREIGN TRADE ASPECTS, ARTICLE VERY COMPLIMENTARY OF U.S. AND ITS AGRICULTURAL METHODS. ZALA PROVIDES SUPPORT FOR THOSE WHO, IN CURRENT HUNGARIAN INTERNAL DEBATE, ARE DEFENDING THE

EMPHASIS ON AGRICULTURE VIS-A-VIS INDUSTRY IN RECENT YEARS. EVEN THOUGH VG ONLY AVAILABLE TO LIMITED AUDIENCE, SIGNIFICANT THAT NEWS CONTENT OF ARTICLE IS SO STRAIGHTFORWARD AND FAVORABLE TO U.S. PUBLICLY DISTRIBUTED PAPERS GENERALLY EMPHASIZE TROUBLES IN CAPITALIST ECONOMIES.

5. ARTICLE IS PART OF FIRST SERIES OF ARTICLES WRITTEN BY ZALA SINCE HIS U.S. ARRIVAL IN JULY AND SHOWS A DEPTH OF REPORTING AND OBJECTIVITY NOT SHOWN BY PREVIOUS HUNGARIAN U.S. CORRESPONDENTS. THIS CHANGE VISIBLE NOT LIMITED OFFICIAL USE

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ONLY IN VG ARTICLE BUT ALSO IN THOSE APPEARING IN MAGYAR NEMZET.

6. IN SAME ISSUE, FOR SECOND DAY VILAGGAZDASAG REPORTS ON SOVIET GRAIN PURCHASES IN THE WEST, AND MENTIONS THAT THE SOVIETS OBTAINED RECENT EUROMARKET LOANS TOTALING 350 MILLION DOLLARS. ARTICLE IMNTU

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RVPHAT U.S. LAW

SETS 10 PERCENT LENDING LIMIT BY COMMERCIAL BANKS TO ANY
ONE BORROWER AND THAT LIMIT HAS BEEN REACHED BY SOVIETS
DUE TO SHORT-TERM BORROWING FOR GRAIN. THE ARTICLE
QUOTES A FIRST NATIONAL CITY BANK OFFICIAL AS PROPOSING
THAT THE 10 PERCENT LIMITATION APPLY TO INDIVIDUAL
SOVIET BORROWING ORGANIZATIONS, AND NOT THE SOVIET GOVERNMENT.

7. FOR RFE MUNICH: EMBASSY BELIEVES RFE INITIATIVE
OF ARTICLE WIDE COVERAGE TO HELP OFFSET LIMITATIONS
OF VGJS RESTRICTED DISTRIBUTION.

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